



SHERIFFS RANCHES ENTERPRISES, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020





REPORT OF INDEPENDENT AUDITOR

The Board of Directors
Sheriffs Ranches Enterprises, Inc.
Live Oak, Florida

We have audited the financial statements of Sheriffs Ranches Enterprises, Inc. ("the Organization"), which consist of the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sheriffs Ranches Enterprises, Inc. as of September 30, 2021 and 2020, the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Batt's Morrison Wales & Lee, P.A.

BATT'S MORRISON WALES & LEE, P.A.

Orlando, Florida
February 17, 2022

BATT'S MORRISON WALES & LEE, P.A. • CERTIFIED PUBLIC ACCOUNTANTS

OFFICES | ORLANDO • DALLAS
800.960.0803 • WWW.NONPROFITCPA.COM
KEEPING WATCH FOR NONPROFITS ACROSS THE UNITED STATES®

SHERIFFS RANCHES ENTERPRISES, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	September 30,	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 685,204	\$ 519,120
Inventories	271,564	308,991
Other assets	96,069	97,091
Property and equipment, net	285,634	317,399
Total assets	\$ 1,338,471	\$ 1,242,601
LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 249,091	\$ 218,651
Notes payable	—	343,000
Total liabilities	249,091	561,651
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,089,380	680,950
Total liabilities and net assets without donor restrictions	\$ 1,338,471	\$ 1,242,601

The Accompanying Notes are an Integral
Part of These Financial Statements

SHERIFFS RANCHES ENTERPRISES, INC.
STATEMENTS OF ACTIVITIES

	For The Years Ended September 30,	
	2021	2020
PUBLIC SUPPORT AND REVENUE		
Sales of donated goods	\$ 3,927,532	\$ 3,424,837
Grant revenue	670,800	—
Contributions	46,195	37,027
Other revenue	721	7,730
Total public support and revenue	4,645,248	3,469,594
EXPENSES		
Program activities	2,793,058	2,759,515
Grant to Florida Sheriffs Youth Ranches, Inc.	800,000	276,794
Total program activities	3,593,058	3,036,309
Supporting activities		
Management and general	551,724	545,871
Fundraising	92,036	91,497
Total supporting activities	643,760	637,368
Total expenses	4,236,818	3,673,677
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	408,430	(204,083)
NET ASSETS WITHOUT DONOR RESTRICTIONS - Beginning of year	680,950	885,033
NET ASSETS WITHOUT DONOR RESTRICTIONS - End of year	\$ 1,089,380	\$ 680,950

The Accompanying Notes are an Integral
Part of These Financial Statements

SHERIFFS RANCHES ENTERPRISES, INC.
STATEMENTS OF CASH FLOWS

	For The Years Ended September 30,	
	2021	2020
OPERATING CASH FLOWS		
Cash received from sales of donated goods	\$ 3,938,666	\$ 3,435,971
Cash received from donors and other income	46,916	44,757
Cash paid for operating activities and costs	(3,264,262)	(3,256,289)
Grant to Florida Sheriffs Youth Ranches, Inc.	(800,000)	(276,794)
Net operating cash flows	(78,680)	(52,355)
INVESTING CASH FLOWS		
Purchases of and improvements to property and equipment	(83,036)	(57,434)
Net investing cash flows	(83,036)	(57,434)
FINANCING CASH FLOWS		
Borrowings	327,800	343,000
Net financing cash flows	327,800	343,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	166,084	233,211
CASH AND CASH EQUIVALENTS - Beginning of year	519,120	285,909
CASH AND CASH EQUIVALENTS - End of year	\$ 685,204	\$ 519,120
RECONCILIATION OF CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS TO NET OPERATING CASH FLOWS		
Change in net assets without donor restrictions	\$ 408,430	\$ (204,083)
Adjustments to reconcile change in net assets without donor restrictions to net operating cash flows		
Depreciation	114,801	119,374
Conversion of notes payable to grant revenue (See Note F)	(670,800)	—
Change in inventories	37,427	6,948
Change in other assets	1,022	7,223
Change in accounts payable and accrued expenses	30,440	18,183
Net operating cash flows	\$ (78,680)	\$ (52,355)

SUPPLEMENTAL DISCLOSURE

During the year ended September 30, 2021, \$670,800 of principal reductions of notes payable are included in "grant revenue" in the accompanying statement of activities.

SHERIFFS RANCHES ENTERPRISES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2021

	Supporting activities			Total supporting activities	Total expenses
	Program activities	Management and general	Fundraising		
Salaries	\$ 1,232,773	\$ 395,789	\$ 49,632	\$ 445,421	\$ 1,678,194
Payroll-related expenses	298,181	100,336	13,713	114,049	412,230
Total personnel-related expenses	1,530,954	496,125	63,345	559,470	2,090,424
Agency membership	10,317	925	5,932	6,857	17,174
Utilities	156,366	825	—	825	157,191
Building and grounds repair and maintenance	73,325	—	—	—	73,325
Furniture and equipment rental and maintenance	9,250	707	157	864	10,114
Printing and office supplies	10,178	280	50	330	10,508
Insurance	69,583	10,554	3,485	14,039	83,622
Communications	34,007	1,298	—	1,298	35,305
Postage and freight	2,194	—	—	—	2,194
Supplies	17,705	240	2,987	3,227	20,932
Professional services	454	27,218	—	27,218	27,672
Bank fees	68,266	100	—	100	68,366
Rent expense and real estate tax	608,982	—	—	—	608,982
Travel	4,007	1,300	1,069	2,369	6,376
Personnel services	2,139	616	626	1,242	3,381
Vehicle expense	85,513	1,755	828	2,583	88,096
Community affairs	424	25	11,701	11,726	12,150
Staff recruitment and development	3,681	350	1,856	2,206	5,887
Depreciation and disposals	105,395	9,406	—	9,406	114,801
In-kind gift to Florida Sheriffs Youth Ranches, Inc.	318	—	—	—	318
Total expenses prior to Grant to Florida Sheriffs Youth Ranches, Inc.	2,793,058	551,724	92,036	643,760	3,436,818
Grant to Florida Sheriffs Youth Ranches, Inc.	800,000	—	—	—	800,000
Total expenses	\$ 3,593,058	\$ 551,724	\$ 92,036	\$ 643,760	\$ 4,236,818

The Accompanying Notes are an Integral
Part of These Financial Statements

SHERIFFS RANCHES ENTERPRISES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2020

	Supporting activities			Total supporting activities	Total expenses
	Program activities	Management and general	Fundraising		
Salaries	\$ 1,225,954	\$ 401,944	\$ 53,471	\$ 455,415	\$ 1,681,369
Payroll-related expenses	300,671	88,377	13,752	102,129	402,800
Total personnel-related expenses	1,526,625	490,321	67,223	557,544	2,084,169
Agency membership	5,357	826	3,586	4,412	9,769
Utilities	147,324	894	—	894	148,218
Building and grounds repair and maintenance	42,083	121	—	121	42,204
Furniture and equipment rental and maintenance	7,777	2,135	39	2,174	9,951
Printing and office supplies	7,393	1,869	58	1,927	9,320
Insurance	55,446	9,716	1,720	11,436	66,882
Communications	29,429	835	—	835	30,264
Postage and freight	2,601	—	—	—	2,601
Supplies	22,384	175	99	274	22,658
Professional services	2,073	25,901	—	25,901	27,974
Bank fees	67,653	—	—	—	67,653
Rent expense and real estate tax	595,964	—	—	—	595,964
Travel	4,023	1,027	2,826	3,853	7,876
Personnel services	6,368	842	125	967	7,335
Vehicle expense	116,859	1,541	1,390	2,931	119,790
Community affairs	125	—	13,463	13,463	13,588
Staff recruitment and development	4,645	85	968	1,053	5,698
Depreciation and disposals	111,036	9,583	—	9,583	120,619
In-kind gift to Florida Sheriffs Youth Ranches, Inc.	4,350	—	—	—	4,350
Total expenses prior to Grant to Florida Sheriffs Youth Ranches, Inc.	2,759,515	545,871	91,497	637,368	3,396,883
Grant to Florida Sheriffs Youth Ranches, Inc.	276,794	—	—	—	276,794
Total expenses	\$ 3,036,309	\$ 545,871	\$ 91,497	\$ 637,368	\$ 3,673,677

The Accompanying Notes are an Integral
Part of These Financial Statements

SHERIFFS RANCHES ENTERPRISES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

Sheriffs Ranches Enterprises, Inc. (“the Organization”) is a Florida not-for-profit corporation formed in 2005. The Organization is a supporting organization of Florida Sheriffs Youth Ranches, Inc. (“FSYR”). The primary purpose of the Organization is to operate the productive enterprises of FSYR. The Organization fulfills its purpose through the help of community donors who provide goods for sale in the Organization’s thrift stores. The Organization operates a vehicle sales lot and six thrift stores in Citrus, Pinellas, Suwannee, Hernando, Lake, and Marion Counties (all in Florida).

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Organization recognizes cash contributions as revenue when the contributions are received by the Organization.

Cash and cash equivalents

The Organization considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

Inventories

Inventories consist primarily of donated goods which have been processed and are ready for sale. Inventories are recorded at their estimated net realizable value.

Property and equipment

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. The Organization uses the straight-line method of depreciating property and equipment over the estimated useful lives of the related assets.

Net assets

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes.

Functional allocation of expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

Income taxes

The Organization is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. The Organization is further classified as a public charity and not a private foundation for federal tax purposes. The Organization has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements.

Use of estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those related to the estimated useful lives of property and equipment. Actual results could differ from the estimates.

SHERIFFS RANCHES ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting pronouncement

Financial Accounting Standards Board Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Topic 606) is effective for the Organization’s financial statements for the year ended September 30, 2021. The ASU generally applies to organizations that enter into contracts with customers to transfer goods or services and establishes a performance obligation to revenue recognition. The adoption of the ASU had no effect on the net assets as of October 1, 2020, or the change in net assets for the year ended September 30, 2021.

Economic uncertainties

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus in China. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Organization’s financial condition and has taken actions to mitigate its impact. Such actions include availing the Organization of relief measures available under federal law and reducing the overall scope and cost of operations. Because of the unknown impact on global commerce, management is not able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity for the year ending September 30, 2022.

Subsequent events

The Organization has evaluated for possible financial statement reporting and disclosure subsequent events through February 17, 2022, the date as of which the financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the statements of financial position are as follows:

	<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ <u>685,204</u>	\$ <u>519,120</u>
Total financial assets available within one year	\$ <u>685,204</u>	\$ <u>519,120</u>

The Organization is primarily supported by sales of donated goods. As part of the Organization’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management believes the Organization has sufficient cash available for general operations that may be drawn upon in the event of an unanticipated financial distress or an immediate liquidity need.

NOTE D – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

SHERIFFS RANCHES ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Category	September 30,	
	2021	2020
Land and land improvements	\$ 80,148	\$ 80,148
Buildings and building improvements (including leasehold improvements)	480,857	478,057
Furniture, fixtures, and equipment	221,152	207,968
Vehicles	464,538	442,394
Construction in progress	8,883	—
Total property and equipment	1,255,578	1,208,567
Less: Accumulated depreciation	(969,944)	(891,168)
Net property and equipment	\$ 285,634	\$ 317,399

Depreciation expense amounted to \$114,801 and \$119,374 during the years ended September 30, 2021 and 2020, respectively.

NOTE F – NOTES PAYABLE

During the year ended September 30, 2020, the Organization obtained a Paycheck Protection Program (“PPP”) note payable of \$343,000. During the year ended September 30, 2021, the Organization obtained a Second Draw PPP loan of \$327,800. The PPP loans are unsecured and payable to a financial institution at a fixed rate of 1.00% per annum with a deferral of interest and principal payments for certain applicable periods. The PPP loans were forgiven entirely by the Small Business Administration during the year ended September 30, 2021 based on the nature of the Organization’s activities during certain applicable periods. Accordingly, the Organization recognized grant revenue of \$670,800 in the accompanying statement of activities during the year ended September 30, 2021.

NOTE G – GRANT TO FLORIDA SHERIFFS YOUTH RANCHES, INC.

The Organization transfers excess funds accumulated from operations to FSyr. Excess funds are determined by estimating net income and working capital requirements during the budgetary process. Excess funds granted to FSyr were \$800,000 and \$276,794 during the years ended September 30, 2021 and 2020, respectively.

NOTE H – RETIREMENT PLAN

The Organization contributes to a 401(k) profit-sharing plan (“the Plan”) sponsored by FSyr. All employees age 20.5 and older are eligible to participate in the Plan. Participating employees may elect to make salary deferral contributions to the Plan. The Plan requires the Organization to make matching contributions of up to 3% of an employee’s annual compensation up to a maximum of 5% (increasing by 50% of salary deferrals between 3% and 5% of an employee’s annual compensation). The Organization contributed approximately \$17,000 and \$16,000 to the Plan during the years ended September 30, 2021 and 2020, respectively. The Organization may also provide an additional discretionary matching contribution to the Plan. No additional discretionary matching contributions were made to the Plan during the years ended September 30, 2021 and 2020.

SHERIFFS RANCHES ENTERPRISES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE I – OPERATING LEASES

The Organization leases building space under operating lease agreements. Rent expense (including common area maintenance and other charges) related to such leases was approximately \$606,000 and \$592,000 during the years ended September 30, 2021 and 2020, respectively.

Future minimum rental payments under noncancelable operating leases are approximately as follows:

<u>Year Ending</u> <u>September 30,</u>	
2022	\$ 532,000
2023	529,000
2024	387,000
2025	273,000
2026	<u>159,000</u>
Total	<u>\$ 1,880,000</u>